

**Date:** July 7, 2015  
**To:** Thomas J. Bonfield, City Manager  
**Through:** W. Bowman Ferguson, Deputy City Manager  
**From:** Jina B. Propst, Assistant Director, General Services Department  
**Subject:** Cell Tower Lease and License Agreement with SprintCom, Inc.

### **Executive Summary**

SprintCom, Inc. (Sprint) proposes to enter into a new ten-year lease to attach cellular antenna to the City-owned water tower located at 1318 E. Pettigrew Street for the continued operation of its cellular service. Cellular providers are encouraged to co-locate and to locate antennas on existing structures and water tanks in order to reduce the number of freestanding cellular towers. Sprint's current lease expired on June 28, 2015. General Services Department staff negotiated a new ten-year lease beginning June 28, 2015 and ending June 27, 2025 in which Sprint will pay an initial annual rate of \$38,122.00, which corresponds to the rental fee the City is receiving from its other cellular carrier leases. The rental rate will increase 3% annually for the remainder of the term. (See Financial Impact). The City's rental terms are consistent with those of other municipalities relative to cell tower leases.

### **Recommendation**

The General Services Department recommends that 1) City Council authorize the City Manager to execute a Cell Tower Lease and License Agreement with SprintCom, Inc. for a ten (10) year term to attach antenna to the City-owned water tank located at 1318 E. Pettigrew Street, Durham, NC, Parcel ID 119085 and 2) authorize the City Manager to execute a Memorandum of Lease and License Agreement.

### **Background**

The General Services Department endeavors to generate the highest possible income for the City by leasing space on City-owned structures for cellular antennas and by executing land leases for the installation of cellular towers. Currently, there are cellular antennas at the City's East Pettigrew Street and Ellis Road water towers, on towers at the South Durham Water Reclamation Facility, the former New Hope Treatment Plant Sites, and on the City's communication towers at Huckleberry Reservoir (Cole Mill Road) and Camden Avenue. Cellular leases currently provide additional annual revenue to the City in the approximate amount of \$491,356.06.

### **Issues/Analysis**

The City has a zoning ordinance for cellular towers and placement of cellular antennas on existing structures. The ordinance requires that providers of cellular service make a diligent effort to locate their facilities on existing structures as a method of minimizing the aesthetic impact of related infrastructure. The terms and conditions of the leases with the City require that the lessee meet or exceed the requirements of the zoning ordinance. Cellular leases generate income to the City.

It should be noted that unlike a lease of property in which the tenant occupies the whole premises, the City has sufficient space on this water tower to accommodate other cell tower tenancies, should the City be approached by other companies desiring this location.

### **Alternatives**

The City Council could decide not to approve the Cell Tower Lease and License Agreement. This alternative is not recommended because 1) if the City does not permit Sprint to locate at this location, the City will lose revenue of \$437,026.00 over a ten year period, and 2) since there is a high probability that Sprint would build a tower elsewhere on privately-owned property or attach to a non City-owned structure in the area, the objective of the Unified Development Ordinance (UDO) would not be met in that the UDO encourages the use of public lands and structures as locations for wireless telecommunications infrastructure.

### **Financial Impact**

Revenue to the City from the proposed License Agreement with Sprint is as follows:

Year 1:	\$38,122.00
Year 2:	\$39,265.66
Year 3:	\$40,443.63
Year 4:	\$41,656.94
Year 5:	\$42,906.65
Year 6:	\$44,193.84
Year 7:	\$45,519.66
Year 8:	\$46,885.25
Year 9:	\$48,291.81
Year 10:	\$49,740.56
Total:	\$437,026.00

Sprint is responsible for the costs of all improvements to the site and any/all personal property taxes relative to the improvements located on the site. All revenue will be deposited into the Account for Water and Sewer Operations, Air Lease Towers.

### **SDBE Summary**

This item does not require review by the Equal Opportunity/Equity Assurance Department.

**Attachments:** Cell Tower Lease and License Agreement with SprintCom, Inc., Location Map.